

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Chicago District Office
230 S. Dearborn St., Room 774
Chicago, IL 60604
(312) 596-7173 / FAX: (312) 596-7174



June 6, 2005

Mr. Michael Williams
LOCAL UNION SECRETARY-TREASURER
RWDSU, AFL-CIO, Local 578

6

Re:

2

Dear Mr. Williams:

This office has recently completed an audit of RWDSU, AFL-CIO, Local 578 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959, as Amended (LMRDA). As discussed during the exit interview with Central States Business Representative, Dennis Williams and you on April 14, 2005, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

The CAP disclosed a violation of LMRDA section 201(a) which requires that unions submit a copy of their current constitution and bylaws with its LM report when bylaw changes are made. Local 578 amended its constitution and bylaws in 1999, but a copy of the constitution and bylaws was not filed with Local 578's LM-3 report for that year. Two copies of Local 578's constitution and bylaws have now been filed; therefore, no further action will be taken.

The CAP also disclosed a violation of Title II of the LMRDA regarding the annual financial reports required by your organization under Section 201(b) of the Act for the fiscal year ending December 31, 2003. An arithmetic error in the ending total of disbursements resulted in a value \$863.00 dollars less than the local's records. The officers' disbursement total as reported in item 45 of the LM-3 report was also \$555.48 more than the local's records. As discussed during the exit interview, the local will not be required to file an amended LM-3 report provided you review the reports thoroughly to be sure they are complete and accurate before signing them in the future.

Title V, Section 501 of the LMRDA establishes the fiduciary responsibility of union officers, which include the responsibility to provide adequate safeguards of union funds. During the organizational interview, you stated that the local does not maintain member ledger cards that records individual union members' due payment history. Instead, the local was using the employer's check off lists to determine if a member was current with his/her dues. While this practice was acceptable before, you stated that the employer is starting to become inconsistent with this practice and some dues are paid directly by the members. Therefore, the checkoff lists are no longer a complete record of the local's dues payments.

discussed during said interview and the periodically during the CAP, individual member dues payment histories, or similar documents, must be maintained in order to maintain an accurate internal union record of members' due payment history.

Also of concern is the local's lack of duplicate receipt books for membership due receipts. During the audit year, you received all dues and fees through employer check off. However, as stated previously, the local is starting to receive some dues receipts directly from the members. Duplicate receipts are necessary to maintain a complete record from the initial receipt of the dues to the depositing of the dues in the union account. Receipts also give the members proof of payment for future reference.

Membership authorization of disbursements must be knowledgeable. The membership must be aware of the circumstances surrounding a disbursement, including but not limited to, the amount, the date of disbursement, and the purpose. This, in turn, should be recorded in detail in the membership meeting minutes. During my analysis of your local's meeting minutes, I noted that the minutes were inadequate in the recording and approval of large purchases. The April 5, 2003 purchase of a laptop computer is one example of what should have been noted as brought before the membership and approved by the membership.

I also noted that the condition and organization of the meeting minutes made a complete and accurate review difficult. In fact, the January and February 2004 executive board minutes were not present in the binder provided by the local. I would suggest that all meeting minutes be clearly and legibly written and maintained in an organized manner that will allow all members to review them.

Pursuant to the previous statement, I advised you during the exit interview that authorization of the local's payment of officer internet service could not be found in the union records. You later informed me in a phone conversation on April 15, 2005 that this service was no longer being utilized. I suggested that, if this service is once again required, Local 578 take the necessary steps to authorize the officer expenses not covered by the local's bylaws at a future membership meeting and record the approval in the meeting minutes.

During my review of the Local 578's bylaws, I noted that Article V, Section 5 states that the duties of the Trustees include auditing the union officer's books quarterly. The CAP investigation uncovered the fact the Trustees were only auditing the books semi-annually and only signing a paper upon completion. I strongly recommend that you forward the OLMS compliance assistance material concerning the auditing small unions to those individuals. I would also suggest that the local come into compliance with its own constitution and bylaws.


I also strongly recommend that you make sure this letter and the rest of the compliance assistance material that were provided at the exit interview are passed on the successors of the current officers at whatever time they may leave office.

I want to extend my personal appreciation for your and your entire staff's cooperation and courtesy during this compliance audit. If we can be of any assistance in the future, please do not hesitate to call.



Closing Letter -- RWDSU, Local 578
June 6, 2005
Page 3 of 3

Sincerely,



Investigator

cc: Joe Day, Attorney

